

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 IO-14 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05
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OMB-01 DOE-15 /138 W

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 2708

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY NASSAU

AMEMBASSY PORT OF SPAIN

USINT HAVANA

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TAGS: ECIN, ECON, CARICOM, ETRD, EAGR, JM

SUBJECT: TWELFTH CARICOM MINISTERIAL HELD IN JAMAICA

REF: STATE 181391

1. SUMMARY: THE TWELFTH CARIBBEAN COMMON MARKET (CARICOM) COUNCIL OF MINISTERS MEETING - AND FIRST SINCE SEPTEMBER 1977, WAS HELD IN KINGSTON, JAMAICA, ON JULY 17 AND 18, AND WAS PRONOUNCED A SUCCESS IN THE OFFICIAL RELEASES ON THE EVENT. ALL CARICOM MEMBER COUNTRIES WERE REPRESENTED. THE CONFERENCE WAS PRESIDED OVER BY ST. LUCIA'S DEPUTY PREMIER AND MINISTER OF TRADE, INDUSTRY AND TOURISM GEORGE MALLET. JAMAPCA'S PRIME MINISTER MICHAEL MANLEY GAVE THE KEYNOTE ADDRESS. DELEGATES STRESSED THE MEMBER NATIONS COMMITMENT TO CARICOM, AND THE FUTURE OF THE ORGANIZATION SEEMS ASSURED. NONTHELESS, THE CAUTION AGAINST EXPECTATIONS VOICED BY GOJ PM MANLEY AND THE CONTINUING ECONOMIC DIFFICULTIES OF THE

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TWO LARGEST CARICOM MEMBERS - JAMAICA AND GUYANA - SUGGEST THAT PROGRESS TOWARD REGIONAL ECONOMIC INTEGRATION WILL NOT BE SWIFT OR DRAMATIC. ON THE POSITIVE SIDETN THE GOJ ANNOUNCED AN INCREASE OF J\$20 MILLION (TO A TOTAL OF J\$45 MILLION) FOR CARICOM IMPORTS IN 1978 REFLECTING ITS STRONGER FOREIGN EXCHANGE POSITION SINCE THE IMF AGREEMENT. ACTING SECGEN TYNDALL DESCRIBED A BROADENING OF CARICOM

POLICY BEYOND MARKETING AND TRADE TO INCLUDE RAISING PRODUCTION LEVELS OF BASIC GOODS, PARTICULARLY FOOD. DR. K. KING OF BARBADOS IS THE RUMORED FAVORITE FOR THE POST OF CARICOM SECRETARY GENERAL. END OF SUMMARY.

2. NEXT SECRETARY GENERAL A RECOMMENDATION REGARDING THE POST OF CARICOM SECRETARY GENERAL WAS MADE AT THE MINISTERIAL FOR APPROVAL AT THE NEXT HEADS OF GOVERNMENT MEETING. NO ANNOUNCEMENT WAS MADE ALTHOUGH THREE NAMES RUMORED AS LEADING CANDIDATES ARE: DR. KURLEIGH KING OF BARBADOS, NOW WITH THE CARIBBEAN DEVELOPMENT BANK; GORDON WELLS, PERMANENT SECRETARY IN THE PRIME MINISTER MANLEY'S OFFICE, AND ACTING CARICOM SECRETARY GENERAL JOSEPH TYNDALL. DR. KING'S APPOINTMENT HAS BEEN PUBLICIZED AS THE MOST LIKELY.

3. CHAIRMAN'S ADDRESS: MR. MALLET EMPHASIZED THAT CARICOM WAS GOING THROUGH THE MOST DIFFICULT PERIOD SINCE ITS ESTABLISHMENT BECAUSE OF THE ECONOMIC DIFFICULTIES BEING EXPERIENCED BY ITS MEMBER STATES. NONETHELESS, THE FULL PARTICIPATION BY ITS MEMBERSHIP DEMONSTRATED THAT THE COMMUNITY STILL OPERATED FOR REGIONAL DEVELOPMENT. MR. MALLET URGED THE DELEGATES TO UNDERSTAND THE NEED FOR "ACTIONS TAKEN BY THE GOVERNMENTS TO SAFEGUARD THEIR ECONOMIES" BUT ALSO ASKED THESE GOVERNMENTS TO RECOGNIZE THE EFFECTS OF THEIR MEASURES ON THE ECONOMIES OF OTHER CARICOM COUNTRIES.

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4. ACTING SECRETARY GENERAL TYNDALL SAID THAT THE CARICOM MOVEMENT HAD LEARNED TWO LESSONS: (1) THE REGION MUST PRODUCE EFFICIENTLY; AND (2) THUS SUCCESS DEPENDED ON EVERYONE INCLUDING PUBLIC AND PRIVATE SECTOR INSTITUTIONS AND INDIVIDUALS. MR. TYNDLELL FURTHER POINTED TO A LIKELY SHIFT OF EMPHASIS IN CARICOM POLICY FROM PURELY MARKETING AND TRADE TO ONE OF INCREASING PRODUCTION OF BASIC GOODS IN ORDER TO SUPPLY THE REGION'S NEEDS. HE CITED RISING FOOD IMPORTS AS AN

AREA OF CONCERN TO CARICOM. THE CARIBBEAN FOOD PLAN SHOULD HELP REDUCE THE FOREIGN EXCHANGE DRAIN CAUSED BY FOOD IMPORTS (NOTE: \$300 MILLION IN 1973; OVER \$500 MILLION IN 1975; AND \$1,000 MILLION PROJECTED FOR 1980.)

5. PRIME MINISTER MANLEY'S KEYNOTE - JAMAICA INCREASES CARICOM IMPORTS.

(A) MR. MANLEY REAFFIRMED JAMAICA'S COMMITMENT TO REGIONAL INTEGRATION AND ITS INTENTION TO RELAX THOSE RESTRICTIONS TAKEN REGARDING CARICOM GOODS AS RAPIDLY

AS THE NATION'S FOREIGN EXCHANGE SITUATION PERMITS.

THE PRIME MINISTER ALSO POINTED TO THE DANGER OF THIS GREAT A LEVEL OF EXPECTATION. HE SUGGESTED THAT MEMBER COUNTRIES SHOULD LOWER THEIR SIGHTS SOMEWHAT AND PAY ATTENTION TO PRIORITIES INSTEAD OF A WIDE RANGE OF PROBLEMS WHICH OFFER NO IMMEDIATE SOLUTIONS.

(B) GOJ MINISTER OF INDUSTRY AND COMMERCE DANNY WILLIAMS ANNOUNCED THAT JAMAICA WILL INCREASE ITS 1978 ALLOCATION FOR CARICOM BY J\$20 MILLION TO J\$45 MILLION, WHICH IS APPROXIMATELY THE 1976 QUOTA LEVEL (BUT SHARPLY UP FROM J\$25 MILLION IN 1977). MR. WILLIAMS SAID THAT THIS MOVE WAS NOW POSSIBLE PRIMARILY BECAUSE OF JAMAICA'S AGREEMENT WITH THE IMF. THE FIRST HALF OF 1978 ALLOCATION

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OF J\$25 MILLION INCLUDED PETROLEUM AND RICE IMPORTS FROM TRINIDAD AND GUYANA WHEREAS THE SECOND HALF'S J\$20 MILLION WOULD PERMIT OTHER IMPORTS.

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(C) MINISTER WILLIAMS ALSO CALLED FOR AN INTEGRATED INDUSTRIAL DEVELOPMENT PROGRAM FOR THE CARIBBEAN ENCOMPASSING AN AREA FROM THE BAHAMAS TO TRINIDAD AND THE GUYANAS. AS PART OF JAMAICA'S EFFORTS TO ADVANCE REGIONAL COOPERATION AND INTEGRATION, MR. WILLIAMS SUGGESTED THE POSSIBILITY OF OPENING COURSES AT THE JAMAICA INDUSTRIAL DEVELOPMENT CORPORATION TO REPRESENTATIVES FROM OTHER CARIBBEAN COUNTRIES.

6. AGENDA ITEMS:

A) TRADE

IN ADDITION TO JAMAICA'S ANNOUNCED INTENTION TO INCREASE CARICOM IMPORTS, THE GUYANA DELEGATION ALSO EXPRESSED ITS WILLINGNESS TO EFFECT MAXIMUM POSSIBLE LIBERALIZATION OF IMPORTS FROM THE LESS DEVELOPED COUNTRIES OF THE REGION. GUYANA, HOWEVER, COULD GIVE NO SPECIFIC COMMITMENT UNTIL IT COMPLETED A STUDY ON GOODS TRADED
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BETWEEN THE LDCS AND ITSELF. THE MEETING DECIDED THAT A COMMITTEE OF TRADE OFFICIALS OF MEMBER COUNTRIES AND REPRESENTATIVES OF THE CARIBBEAN ASSOCIATION OF INDUSTRY AND COMMERCE SHOULD MEET IN LATE AUGUST TO STUDY OVERALL IMPORTS AS WELL AS INTRAREGIONAL TRADE. THE AIM OF THIS STUDY IS TO IDENTIFY COMMODITIES FOR INCREASED INTRAREGIONAL TRADE AS WELL AS POSSIBILITIES FOR NEW OR EXPANDED PRODUCTION AS PART OF A RATIONAL REGIONAL INDUSTRIAL DEVELOPMENT PROGRAM. IT WAS ALSO AGREED THAT THE TRADE OFFICIALS SHOULD MEET JOINTLY WITH CENTRAL BANK AND MONETARY AUTHORITY REPRESENTATIVES TO CONSIDER WAYS TO EXPAND THE MULTILATERAL CLEARING FACILITY AND THEREBY MEET FINANCIAL REQUIREMENTS OF THE TRADE EXPANSION PROGRAM.

A NUMBER OF RECOMMENDATIONS ON CLASSIFICATION OF GOODS FOR RULES OF ORIGINS WERE DISCUSSED AT THE MEETING. NEW RULES OF ORIGIN AND THE RESTRUCTURED COMMON EXTERNAL TARIFF WILL BE IMPLEMENTED ON JANUARY 1, 1979.

B) SUGAR

THE MEETING AGREED TO A NEW FORMULA FOR INTRAREGIONAL TRADE IN SUGAR RESULTING IN A PRICE OF EC\$807.81 A TON (F.A.S.) THIS REPRESENTS A 30 PER CENT PRICE REDUCTION COMPARED TO AN EARLIER FORMULA

C) OILS AND FATS

NEW PRICE LEVELS WERE SET FOR COPRA - EC\$107.20 A TON; FOR RAW OIL - EC\$7.91 AN IMPERIAL GALLON; AND FOR REFINED

OIL - EC\$9.43 AN IMPERIAL GALLON.

D) AGRICULTURAL MARKETING PROTOCOL
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NEW PRICES FOR PROTOCOL PRODUCTS FOR THE FORTHCOMING
SEASON WERE AGREED BUT NOT PUBLISHED.

E) LOME CONVENTION

A DRAFT CARICOM BRIEF FOR THE NEGOTIATION OF A SUCCESSOR
AGREEMENT TO THE LOME CONVENTION WAS ENDORSED.

F) CANADA/WEST INDIES TRADE AGREEMENT

THESE NEGOTIATIONS WERE DISCUSSED AGAINST THE BACKGROUND
THAT CANADA IS A MAJOR TRADING PARTNER WITH THE REGION.

G) INTERNATIONAL FINANCIAL INSTITUTIONS

THE RECENT MEETING IN WASHINGTON INVOLVING REPRESENTATIVES
OF CARICOM NATIONS TO EXAMINE WAYS FOR THE INTERNATIONAL
FINANCIAL INSTITUTIONS TO ASSIST THE CARIBBEAN REGION WAS
ALSO DISCUSSED.

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H) REGIONAL FOOD PLAN AND CARIBBEAN FOOD CORPORATION

THE DELEGATES NOTED THE PROGRESS MADE WITH RESPECT TO THE PLAN AND CALLED FOR ITS EARLY IMPLEMENTATION. EARLIER THIS YEAR A GRANT OF US\$2 MILLION WAS MADE BY THE OPEC SPECIAL FUND THROUGH THE UNITED NATIONS DEVELOPMENT PROGRAM TO ASSIST IN THE FOOD PLAN PROJECT. THE EUROPEAN DEVELOPMENT FUND (EDF) HAS AGREED TO FINANCE THE SERVICES OF A CONSULTANT TO DEFINE AN APPROPRIATE MANAGEMENT STRUCTURE FOR THE FOOD CORPORATION.

7. COMMENT:

ON LOCAL PRESS ITEM DRAMATICALLY DESCRIBED THIS MINISTERIAL AS GIVING CARICOM A "NEW LEASE ON LIFE." THE GENERAL AND MORE SOBER VIEW IS THAT THE ORGANIZATION HAS SURVIVED DESPITE ECONOMIC ADVERSITY AND CAN CONTINUE PROGRESSING ON THE PATH TOWARD REGIONAL ECONOMIC INTEGRATION,
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BUT AT A MEASURED PACE. JAMAICA'S STRONG COMMITMENT TO CARICOM WAS FORCEFULLY STATED BY PM MANLEY, FOREIGN MINISTER PATTERSON AND MINISTER WILLIAMS. EQUALLY CLEAR IS THE NECESSITY, HOWEVER UNFORTUNATE, THAT THE CARICOM PARTNERS UNDERSTAND THE BALANCE OF PAYMENTS PROBLEMS OF JAMAICA AND GUYANA.

MANLEY'S WARNING AGAINST EXCESSIVE EXPECTATIONS ADDED A FURTHER NOTE OF REALISM. IF THE ORIGINAL HOPES FOR CARICOM HAVENOT BEEN REALIZED, AT LEAST THE ULL PARTICIPATION AND ANNOUNCED PLANS FOR FUTURE COOPERATION INDICATE THAT THE ORGANIZATION'S EXISTENCE AND ROLE ARE NOT IN DOUBT. ST. KITTS-NEVIS-ANGUILLA JUSTICE MINISTER LEE MOORE, SPEAKING ON BEHALF OF THE REGION'S LDCS, ASKED THAT THE YOUTHFULNESS OF CARICOM BE BORNE IN MIND. HE FURTHER REMARKED THAT THE REGIONAL MOVEMENT IS STILL ALIVE AND ITS SURVIVAL IS IMPERATIVE BECAUSE THERE IS NO REAL ALTERNATIVE FOR THE CARIBBEAN NATIONS. SUCH CANDOR SEEMINGLY MARKED THE MINISTERIAL SESSIONS AND OFFERS EVIDENCE THAT THE MEMBER COUNTRIES ARE DETERMINED TO MAKE A GO OF IT EVEN IF IT IS SLOW GOING FOR THE NEAR TERM.
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